395 EXPRESS LANES: P3s RESPONDING TO THE EVOLVING NEEDS OF A REGION

Prepared for ARTBA
May 2019
## TRANSURBAN
**Smarter ways to get around cities**

<table>
<thead>
<tr>
<th>Market Cap</th>
<th>$35B</th>
<th>TOP 15 listed company on ASX</th>
</tr>
</thead>
<tbody>
<tr>
<td>$19B</td>
<td>of key infrastructure delivered with government partners</td>
<td></td>
</tr>
<tr>
<td>$16B</td>
<td>in financed toll road projects in the last 12 months</td>
<td></td>
</tr>
<tr>
<td>8.5M</td>
<td>customers</td>
<td></td>
</tr>
<tr>
<td>1.5M</td>
<td>daily trips</td>
<td></td>
</tr>
<tr>
<td>328,000 hours average workday travel time savings</td>
<td></td>
<td></td>
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<tr>
<td>$1.3M in community investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1.6B in supply chain spend</td>
<td></td>
<td></td>
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<tr>
<td>20,000+ current indirect jobs</td>
<td></td>
<td></td>
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<tr>
<td>2nd transportation company globally in the Dow Jones Sustainability Index</td>
<td></td>
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</tbody>
</table>
NORTHERN VIRGINIA EXPRESS LANES

A growing network supporting the region’s economy

495 EXPRESS LANES
2012 | 22 km

95 EXPRESS LANES
2014 | 50 km

395 EXPRESS LANES
2019 | 13 km

FREDERICKSBURG EXTENSION
2022 | 16 km

OPITZ BOULEVARD
FUTURE NEW CONNECTION

495 NORTHERN EXTENSION
FUTURE | 3.2 km
INVESTMENT IN NORTHERN VIRGINIA
Delivering economic and travel benefits alongside the state

Cumulative Investment in VA Express Lanes ($bn)

7 separate design-build procurements driving competition
3 million + hours saved annually by commuters
$6.3 billion generated in economic activity
$15 million annual investment in transit
28,000+ jobs supported

Economic and Travel Benefits

Commonwealth of VA - Return on Investment

ROI on VDOT contribution: >55x

$491M Public Subsidy
$3.7B Construction
>$15B O&M
>$6B Major Maintenance
$2.7B Transit Investment
$277M Permit Fee Buyout

Cumulative Investment in VA Express Lanes

<table>
<thead>
<tr>
<th>Express Lanes</th>
<th>2008</th>
<th>2012</th>
<th>2014</th>
<th>2017</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>VDOT Contribution</td>
<td>0.3</td>
<td>1.2</td>
<td>0.4</td>
<td>0.5</td>
<td>1.7</td>
</tr>
<tr>
<td>Project Debt</td>
<td>1.9</td>
<td>1.2</td>
<td>2.1</td>
<td>1.7</td>
<td>4.3</td>
</tr>
<tr>
<td>TU Equity</td>
<td>0.3</td>
<td>0.4</td>
<td>0.4</td>
<td>0.5</td>
<td>0.5</td>
</tr>
<tr>
<td>Total Investment</td>
<td>4.3</td>
<td>2.7</td>
<td>4.2</td>
<td>3.4</td>
<td>4.3</td>
</tr>
</tbody>
</table>
395 EXPRESS LANES
8-mile extension of the 95 Express Lanes to D.C.
395 EXPRESS LANES SCOPE
New capacity, improved circulation and expanded transit

- **Conversion of two reversible HOV-3+ lanes to Express Lanes to the 14th street bridge**
  - HOV-3 and transit travel toll-free
  - Other vehicles can pay to access Express Lanes
- **More capacity:**
  - Addition of third reversible lane from Edsall Road to south of Eads Street near Pentagon
  - New fourth southbound general purpose lane between Duke Street and Edsall Road
- **Improvements in traffic flow at the Eads Street Interchange and carpool and transit access at Pentagon**
- **New or modified sound walls**
PENTAGON IMPROVEMENTS
Better circulation for carpoolers and buses
P3 FINANCIAL STRUCTURING
Leveraging innovative financing

- 395 Express Lanes originally met with community disapproval, however following success of 495/95 Express Lanes the project was revived

- Funded with $233 million of Senior Lien Revenue Bonds (PABs), a $45 million subordinate loan from the Virginia Transportation Infrastructure Bank (VTIB), and contributions from Transurban North America.

- By issuing the bonds under the existing concession, Transurban North America created a unified credit that improved on the operational success of the 95 Segment to support the Series 2017 Bonds and resulted in a one-notch credit upgrade from both S&P and Fitch.

- The transaction then received nearly $1.4 billion in priority orders, allowing for further spread tightening to a final level of +45 basis points to Municipal Market Data (MMD) rate.

Project partners:
- Virginia Department of Transportation
- 95 Express Lanes LLC (Transurban-Concessionaire)
- Lane Construction Corporation and AECOM
- Transurban (USA) Inc. (TTMS Contractor)

Other key stakeholders:
- Virginia Department of Rail and Public Transportation
- Federal Highway Administration
- DoD-Washington HQ Services
- Adjacent local jurisdictions
Concessionaire (Transurban) will make annual payments to Commonwealth for transit improvements along the I-95/I-395 corridor

Initial payment of $15 million due when Express Lanes service begins in late fall 2019

Annual payments escalated by 2.5% through year 2087 (term of ARCA)

DRPT led I-95/I-395 Transit/Transportation Demand Management Study in coordination with key stakeholders to identify project priorities

Agreement between NVTC, PRTC, VDOT and DRPT will govern how transit improvements get selected and implemented

Implementation process will involve input from local jurisdictions and transit agencies, project application process, and approval by Commonwealth Transportation Board
PROJECT BENEFITS
Saving time, traveling safer and boosting the economy

Capacity and time savings
Adds a third reversible lane, reducing congestion and improving mobility for all users

Jobs
Construction of the project will generate 600 jobs and $500 million in economic activity

Transit
$15 million annual transit payment for corridor projects; incentivized HOV at all times of day

Additional Corridor Improvements
Enhancements to regular lanes and Pentagon parking will improve travel times and transit access
BRINGING P3 BENEFITS FORWARD

to help states respond to shifting economic and transportation needs

“How Virginia sealed the deal on Amazon's HQ2, 'the biggest economic development project in U.S. history’” – Richmond Times Dispatch
DELIVERING FALL 2019
On-time and on-budget
Thank you. Questions?